

Performance Evaluation Boards

For cost-plus-award-fee contracts, a Performance Evaluation Board (PEB) periodically evaluates the contractor's overall performance. The evaluation of the PEB, which the PEB communicates to the Fee Determination Official (FDO) along with its recommendations, is a factor in determining the amount of award fee that the contractor earns.

Among its other duties, the PEB has overall responsibility for the development of the performance evaluation plan (PEP). It is important to establish the Board in sufficient time so it can develop (or ensure development of) and distribute an approved plan BEFORE the start of the first evaluation period. Other PEB responsibilities include:

- a. Conducting ongoing evaluations of contractor performance based upon Performance Monitor Reports and such additional performance information as may be obtained from the contractor and other sources. It is important that the PEB evaluate a contractor's performance according to the standards and criteria stated in the performance evaluation plan
- b. Submitting a PEB Report (PEBR) to the FDO covering the Board's findings and recommendations for each evaluation period
- c. Recommending appropriate changes in the performance evaluation plan to reflect program evolution for approval by the FDO, if that individual chooses to review such changes

☞ The contractor may also submit a self-assessment to be considered by the PEB in evaluating performance using one or more of these methods:

- The contractor may provide a written or oral self-assessment of its performance to the PEB to be considered by the Board in preparing its findings and recommendations.
- The contractor is provided a copy of the draft findings and recommendations and may be afforded an opportunity to identify factual errors. Any errors identified by the contractor should be addressed by the PEB in its final report. The draft recommendation is not a subject for negotiation; the PEB should not engage in discussions with the contractor.
- The contractor is provided a copy of the final PEB Report at the same time that the PEB submits it to the FDO. Contractor comments are submitted to the FDO for consideration.

The categories to be rated and the scale used in rating them are formalized in a Performance Evaluation Plan that is provided to the contractor before work begins on the contract. This plan describes the criteria used to determine the amount of the award fee and includes performance evaluation categories, examples of performance events in each performance evaluation category that serve as guides for the performance monitors, and a matrix that allocates the available fee among the performance evaluation categories.

The Performance Monitors report their findings on CPAF Contract Individual Event Reports, GSFC Form 18-15. Each event is reported on individual event reports. The reports are submitted to the Evaluation Coordinator, who compiles all events reported by the Performance Monitors and the contractor and prepares a Summary of Significant Events for each performance evaluation category.

The events are organized as a documentation package and submitted to the PEB and FDO for review at a PEB meeting and recommendation of an award fee. The FDO reviews the recommendation of the PEB and makes a final determination of the award fee.

Different grading and scoring methods are used to translate evaluation findings into recommended award fee amounts or ranges. Their purpose is to help the FDO decide the amount of award fee earned in final evaluations or the amount of interim award fee to be paid for interim evaluation periods.

As a general guideline, a contractor that satisfactorily meets its contractual commitment will fall into the “good” (71-80) range. To earn an “excellent score (91-100), a contractor must provide exceptional performance.

Performance Evaluation Plan

Although there can be considerable variety among performance evaluation plans that depend on the particular contract, the PEP always includes certain principal features:

- a. Evaluation requirements
- b. The method for determining award fee
- c. The method for implementing any changes in plan coverage
- d. The organizational structure for award fee administration

In developing a performance evaluation plan, the plan should:

- a. Provide for evaluations of contractor performance levels, taking into consideration contributing circumstances and contractor resourcefulness
- b. Focus the contractor on areas of greatest importance in order to motivate it to make the best possible use of company resources to improve performance
- c. Clearly communicate evaluation procedures and provide for effective, two-way communication between the contractor and the Government personnel responsible for evaluating performance and making award fee determinations
- d. Provide for an equitable and timely evaluation process
- e. Establish an effective organizational structure, commensurate with the complexity and dollar value of the particular procurement, to administer the award fee provisions
- f. Be kept as simple as feasible; the simpler the plan, the more effective it is likely to be. The objective should be a workable plan with a high probability of successful implementation. The performance evaluation plan is usually not included in the contract, thus preserving the Government's right to alter the plan unilaterally to reflect any changes occurring in management emphasis or concern. If it is included in the contract, language

must be included which allows the Government to change the plan unilaterally. The contractor must be informed of any changes and be given a copy of the current plan in advance of the evaluation period or periods to which it applies. The fact that the plan can be unilaterally changed does not give the Government the right to unilaterally change other award fee provisions or other terms of the contract, absent contract language allowing it to do so.

It is neither necessary nor desirable to include all functions required by the statement of work as part of the performance evaluation plan. However, those functions selected should be balanced so that contractors, when making trade-offs between evaluation factors, assign the proper importance to all of the critical functions identified. For example, the plan should emphasize technical performance and cost considerations, because an evaluation plan limited to technical performance might result in increased costs out of proportion to any benefits gained. Typical areas, at a minimum, include technical performance, cost control, and project management.

Once evaluation factors are selected, standards or criteria are developed for measuring contractor performance and assessing the amount of award fee earned.

Quantitative or objective performance measurement standards are based on well-defined parameters for measuring performance. Quantitative measures should be used whenever the given performance can be precisely or finitely measured.

Qualitative or subjective performance standards rely on evaluator's opinions and impressions of performance quality. Qualitative assessments must be as informed as possible and not rely on personal bias or a purely intuitive feeling.

In addition to identifying how performance will be evaluated and measured, the detailed performance evaluation plan should indicate the relative priorities assigned to the various performance areas and evaluation factors and subfactors.

➤ Refer to Section 3 of the [Award Fee Contracting Guide](#) for more detailed information on PEBs.

GODDARD SPACE FLIGHT CENTER
CPAF CONTRACT INDIVIDUAL EVENT REPORT

Contract No.	Contractor	Task Order No.
Reporting Element		Date(s) of Event Reported
Performance Evaluation Category		
Was Contractor Notified?	<input type="checkbox"/> Yes <input type="checkbox"/> No	By Whom? When?

DESCRIPTION OF EVENT

Suggested Format

First paragraph: Describe what the contractor was supposed to do. Describe the task in terms of what is desired as an end item or what the contractor would have to do to successfully complete the job. Is there a specific level of achievement desired:

Second paragraph: Tell what the contractor actually did.

Third paragraph: What was the impact, either good or bad, on performance, schedule, and dollars. Did the contractor's actions cross over other operations or involve other projects? Will there be an impact in the future as a result of what the contractor did?

+, 0, or -	Signature of Event Monitor	Date
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EVENT COORDINATOR'S ASSESSMENT

Further clarification of the monitor's reporting including relation to other events, contractor's input, and impact as viewed by the contractor.

+, 0, or -	Signature of Event Monitor	Date
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12/26/01

PEB Event Report Form

Contract No.		Contractor			
Evaluation Period			Evaluation Coordinator		
Performance Evaluation Category					
Event No.	Event Assessment				Significant Event Considered
	Contractor	Monitor	Coordinator	PEB	
A1		0			Direct Labor Dollars and Rate
A2		-	-		Facilities Rate
A3		-	-		Other Direct Cost
A4		0	0		Burden Rates
B1		-	-		Cost Control-Financial Reporting

Sample Summary of Significant Events

All award fee contracts use the rating table shown below. The score is applied to the award fee pool to determine the amount of the award fee. No award fee is paid when the total evaluation score is less than 61.

Award Fee Rating Table

Adjective Rating	Range of Performance Points	Description
Excellent	100-91	Of exceptional merit; exemplary performance in a timely, efficient and economical manner; very minor (if any) deficiencies with no adverse effect on overall performance.
Very Good	90-81	Very effective performance, fully responsive to contract requirements ; contract requirements accomplished in a timely, efficient and economical manner for the most part; only minor deficiencies.
Good	80-71	Effective performance; fully responsive to contract requirements; reportable deficiencies, but with little identifiable effect on overall performance.
Satisfactory	70-61	Meets or slightly exceeds minimum acceptable standards; adequate results; reportable deficiencies with identifiable, but not substantial, effects on overall performance.
Poor/ Unsatisfactory	less than 61	Does not meet minimum acceptable standards in one or more areas; remedial action required in one or more areas; deficiencies in one or more areas which adversely affect overall performance.